

**DIVISION OF THE STATE FIRE MARSHAL
PERFORMANCE AUDIT
NOVEMBER 2003**

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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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EXECUTIVE SUMMARY

This is the first performance audit conducted of the Division of the State Fire Marshal. The purpose of this audit was to identify deficiencies inherent in current and past practices and to recommend corrective action to improve management controls.

The Division does not have updated policies and procedures in place to encompass all of its operations. Complete and comprehensive policies and procedures would enhance the Division's internal control and governance processes. They would provide reasonable assurance that the objectives and goals of the Division are being met and would assist in improving the Division's operations in terms of efficient and effective performance.

Executive Order 99-5 issued by the Governor on April 8, 1999 transferred the role of the Chairman of the State Emergency Response Commission (SERC) from the Emergency Management Agency to the State Fire Marshal. The State Fire Marshal, in his role as commission chairman, should adopt and formalize policies and procedures on a variety of SERC activities to provide the SERC and its members with a clear understanding of their roles and responsibilities within the Commission.

Both the Investigations Unit and the Juvenile Fire Setters Intervention Program need to establish and implement formal methods of case tracking and review. Additionally, the Juvenile Fire Setters Program should establish formal standards for its curriculum and its methods of case documentation.

The Technical Services Unit should update the material included on certification examinations to reflect current industry standards and practices. This Unit should also explore the possibility of obtaining additional personnel resources to fully implement the National Fire Incident Reporting System. By fully implementing its participation in this reporting system, the Division could enhance and expand grant-funding opportunities for local fire departments.

The Plan Review Unit should require sufficient information to document the estimated project completion costs for plans that are reviewed. These costs are the basis for determining project plan review fees. Additionally, the State Fire Marshal should request an interpretation for and/or guidance on the baseline to be used for the purpose of developing a uniform approach in calculating the plan review fee.

The Rhode Island Fire Academy should update its policies and procedures manual to reflect current conditions. The Director of Fire Training should request that Instructor Certification Committee decisions for the Academy be based on Roberts Rules of Order.

The Division needs to improve its performance in the area of collections as it pertains to internal control, deposit of receipts, and security over instruments having value.

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November 6, 2003

Irving J. Owens, JD, R.I. State Fire Marshal
Division of the R.I. State Fire Marshal
24 Conway Avenue
Quonset/Davisville Industrial Park
North Kingstown, RI 02852

Dear Marshal Owens:

We have completed our performance audit of the Division of the Rhode Island State Fire Marshal. Our audit was conducted in accordance with Sections 35-7-3 and 35-7-4 of the Rhode Island General Laws.

The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of the report. Management's response to our recommendations is included in this report.

In accordance with Section 35-7-4 of the Rhode Island General Laws, we will review the Division of the Rhode Island State Fire Marshal's corrective action plan within six months from the date of issue of this report.

Sincerely,

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

DIVISION OF THE STATE FIRE MARSHAL
PERFORMANCE AUDIT
NOVEMBER 2003

INTRODUCTION

Objectives, Scope, and Methodology

We conducted a performance audit of the Division of the State Fire Marshal for the fiscal year ended June 30, 2002 and fiscal year 2003 through January 21, 2003. Our objectives were to evaluate the adequacy and effectiveness of managerial controls, the economy and efficiency of operations, and compliance with significant laws and regulations applicable to the division.

Our audit was made in accordance with the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors. In conducting our audit, we evaluated the practices and procedures used by the Division of the State Fire Marshal in administering its operations. Our purpose was to identify practices and procedures that could be improved or made more efficient, and to identify any significant noncompliance with applicable state or federal laws. To achieve our objectives, we reviewed relevant policies and procedures, state laws and regulations, and applicable federal laws; interviewed responsible personnel; and performed tests of the records and such auditing procedures as we considered necessary in the circumstances.

The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of our report. Section 35-7-4 (c) of the Rhode Island General Laws requires the auditee to respond in writing within 60 days to all recommendations made in the report. Management's response to our audit findings and recommendations were submitted on October 31, 2003, and are included in our report.

Background

The Division of the State Fire Marshal derives its authority from Title 23, Chapter 28.1-28.39 of the Rhode Island General Laws.

The Division is responsible for investigating all suspicious fires within Rhode Island and the enforcement of all laws, general and public, that relate to fires, explosives and flammable materials. The duties of the Division include code enforcement, plan review, investigation of fires and explosives, and the implementation of fire service training and education programs. The Division has also been designated by Executive Order 99-5 to oversee the State Emergency Response Commission, with the State Fire Marshal serving as chairperson.

The Division consists of three units, each supervised by a chief who reports directly to the State Fire Marshal.

The Investigations Unit investigates fires of suspicious origin and/or with death resulting, and prepares cases for prosecution. Technical Services, Special Investigations, and Education and Prevention, all part of the Investigations Unit, have responsibilities including the following: statewide bomb disposal, testing and licensing of explosives blasters and their vehicles, inspection of distribution centers for propane gas, certification of pyrotechnic display persons, certification of fire extinguisher personnel, and enforcement of all other laws relative to flammable materials.

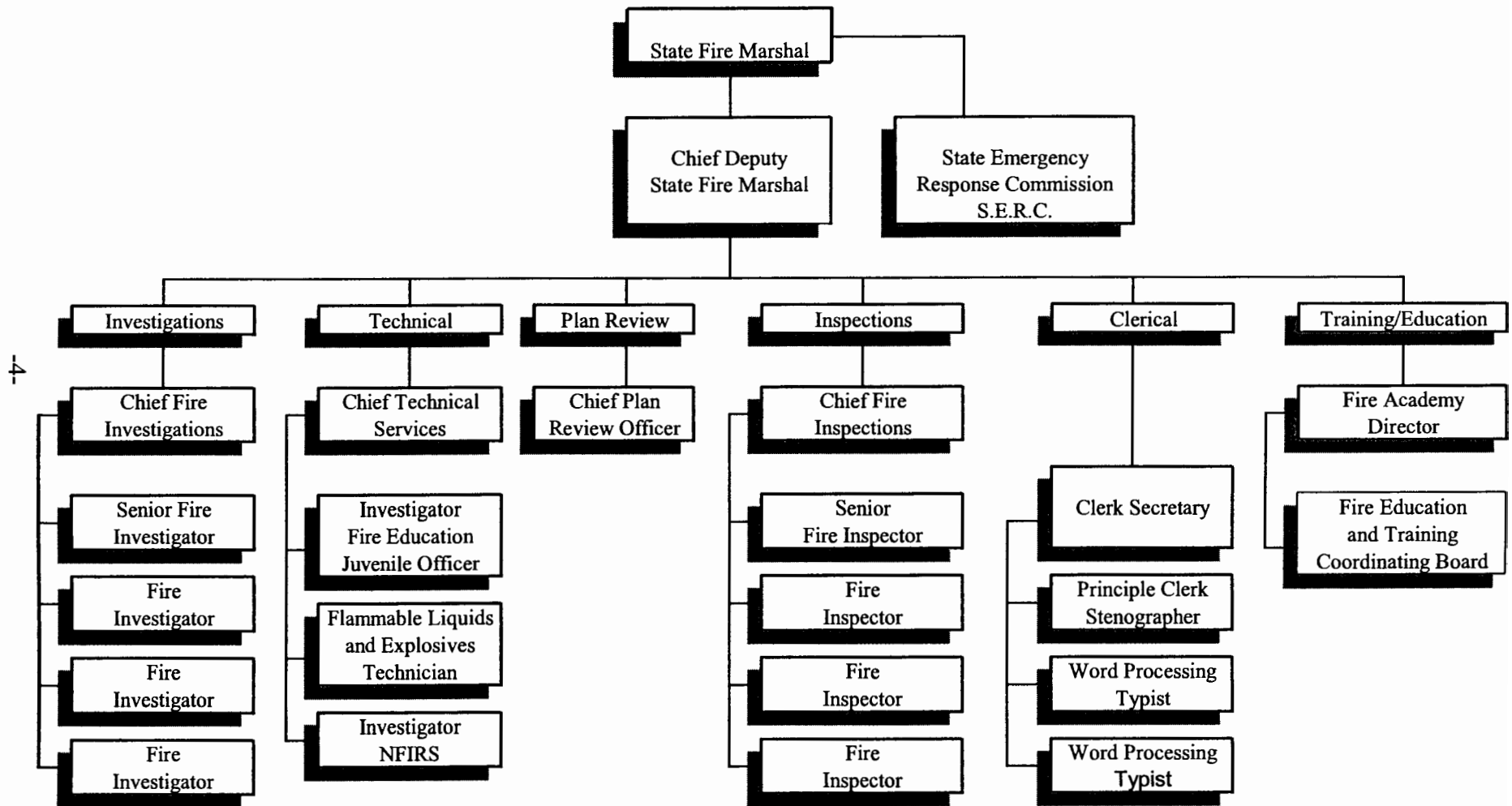
Education and Prevention also consists of a Deputy State Fire Marshal working directly with juveniles who have set fires and have been referred by the Family Court or police departments. Monitoring of these juveniles is required and reports are submitted to Family Court judges. All fires that can be related to an electrical supply are also a responsibility of this Unit, and it reviews all fire alarm installations on new and renovated buildings.

The Rhode Island Fire Academy functions as an organizational component of the Education and Prevention Unit within the Division. Its mission is to provide needed instruction to all firefighters so as to ensure parallel training presentations in keeping with personnel needs in team tasking. The Fire Academy conducts training classes and exercises at the Quonset facility and at various locations throughout the state. Its courses have been awarded accreditation through the National Board on Fire Service Professional Qualifications and are recognized for certification nationwide. The Academy offers a variety of courses, which include but are not limited to the following: basic and advanced firefighting, technical rescue, hazardous materials, terrorism, and shipboard firefighting.

The Inspections Unit enforces fire codes in all state properties and privately-owned buildings. It also acts upon requests from other state and federal agencies, and local cities and towns. This Unit is also responsible for building plan review for both new and existing structures under the provisions of the Fire Safety Code.

The Administrative Unit provides clerical support to the above-named units as well as to the Fire Academy.

**Existing
Rhode Island Division of State Fire Marshal**



DIVISION OF THE STATE FIRE MARSHAL
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Noteworthy Achievements

The Division of the State Fire Marshal has made the following initiatives as they apply to our review:

- During Fiscal Year Ended June 30, 2002, the Plans Review Unit, with a staff of one, reviewed plans for 105 projects and generated plan review fees in excess of \$348,000.
- The Education and Training Unit presented an instructional program in the proper placement of carbon monoxide detectors that trained approximately 500 fire service personnel and realtors in the State. This was in direct response to legislation that was effective January 1, 2002 requiring proper placement of these detectors in all new homes and in homes being sold.
- The Technical Services Unit met with residents of several communities in the state where quarry-blasting operations near residential areas have been a concern. Members of this unit have presented plans to State Representatives that would amend blasting laws in the state.
- Since the events of September 11, 2001, the Bomb Squad has become the State's primary response unit to suspected cases of anthrax contamination. In the months following this event, the Bomb Squad has screened, x-rayed, and transferred hundreds of suspected anthrax items to the Department of Health.
- The Investigations Unit has participated in anti-terrorist measures with the Rhode Island State Water Authorities and the U.S. Coast Guard in safeguarding and protecting the state's waterways when escorting fuel and propane tankers.

DIVISION OF THE STATE FIRE MARSHAL
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FINDINGS AND RECOMMENDATIONS

Policies and Procedures

Formal policies and procedures are an integral part of an organization's internal control. The effectiveness of management to ensure that division goals are designed to meet the provisions of the laws of the Fire Safety Code are significantly reduced when policies and procedures are inadequate or incomplete. Clearly defined methods of fulfilling responsibilities within the organization allow for consistent operation and administration by staff and management. The Division of the State Fire Marshal does not have comprehensive policies, procedures, and guidelines for standard operating procedures at this time.

Recommendation

1. The State Fire Marshal should adopt, implement, and promulgate comprehensive policies, procedures, and guidelines regarding the administration and the activities of the Division of the State Fire Marshal in its entirety, and review these policies, procedures, and guidelines on a regular basis.

Management's Response: Accepted

The State Fire Marshal has issued *General Orders* – a series of directives that address those matters pertaining solely to the Division's Law enforcement role and authority. General Order #2000-3: Loading and Unloading of Division Issued Weapons issued on October 14, 1999. While the subject of the order clearly refers to a procedural issue regarding weapons, the purpose and policy listed in this order addresses bomb threats and bomb emergencies. The order contains no information regarding the loading and unloading of division-issued weapons. The same purpose and policy listed under *General Order #2000-3* is restated and then addressed in detail in General Order #2000-7: Bomb Threat Procedure. It appears that the purpose and policy regarding the loading and unloading of division issued weapons were inadvertently omitted from the document.

Recommendation

2. Amend the purpose and policy listed under General Order #2000-3: Loading and Unloading of Division Issued Weapons to reflect the Division's current policy, procedure, and guidelines.

Management's Response: Accepted

State Emergency Response Commission

Policies and Procedures: Executive Order 99-5 issued by the Governor on April 8, 1999 transferred the role of chairman of the State Emergency Response Commission (SERC) from the Emergency Management Agency (EMA) to the State Fire Marshal (SFM), and in that process assigned the SFM as the primary agency for implementing the emergency and planning notification requirements of the federal laws (Super Fund Amendments and Reauthorization Act of 1986, commonly referred to as 'SARA') under which the SERC had been established. Up to the time that this executive order was issued, EMA had exercised responsibility for SARA's emergency planning and notification requirements, but since that time, in light of the executive order's language, had relinquished that responsibility. The SFM, on the other hand, explained that the then-executive director of EMA assured him at the time of the transfer that the EMA would continue in its planning and notification role under SARA; therefore he was unaware that any problem existed. The confusion that has now resulted in terms of which state agency is responsible for performing this role is compounded by the lack of any written policy by the SFM in his function as chairman of the SERC regarding his particular requirements for the program, including the detailing of specific responsibilities of the participating agencies, as appropriate. In addition, as chairman, he would be expected to monitor the extent to which this program is being carried out.

Recommendation

3. The State Fire Marshal, in his role as SERC chairman, should establish formal written policies, procedures, and guidelines detailing the duties and responsibilities of all SERC members and distribute the document to each member. These policies, procedures, and guidelines should address the administration and activities of the SERC and be reviewed on a regular recurring basis.

Management's Response: Accepted

Federal Funds: As part of SERC we examined the Interagency Hazardous Materials Emergency Preparedness Training and Planning Grant. We noted that there are no formal policies and procedures addressing the process of subrecipient reporting and monitoring. The Division must provide reasonable assurance that its subrecipients administer federal awards in compliance with federal requirements. The SERC grant has specific requirement concerning the use of funds, eligibility, reporting and record keeping. In our opinion, the Division's subrecipient monitoring is not sufficient to ensure that federal funds are used for authorized purposes in compliance with laws, regulations and the provisions of the grant.

During the Fiscal Year Ended June 30, 2002 the Division used a Memorandum of Agreement to document assurances by the subrecipients, however, this procedure was not an effective alternative to having effective policies and procedures in place. During our research we found guidelines from the State of Utah that may provide guidance to Rhode Island.

Recommendation

4. The Division should adopt policies and procedures over federal grants that evaluate overall subrecipient monitoring procedures and ensure that subrecipients administer federal awards in compliance with applicable laws and regulations.

Management's Response: Accepted

Investigations

The Division currently uses the Information Management Corporation (IMC) report-writing program to develop a database of investigations. Although the system has the capacity to track cases continuously and to prioritize and review them, our review disclosed that the Division is not utilizing the case tracking and records keeping portion of the IMC Report System.

The Investigations Unit works in conjunction with the Attorney General's Office for prosecution of cases where the cause and origin of the incident are determined to be criminal in nature. Given the fact that criminal prosecutions are, by nature, time sensitive, it would behoove the Investigations Unit to implement the case tracking and records keeping portion of the system. Proper use of this portion of the system would provide multiple benefits to the Investigations Unit. At the very least, it would ensure that no case "slips through the cracks" in terms of an ongoing investigation and would provide a higher level of accountability for the investigators. It would further ensure that the Investigations Unit was allocating its resources in the most economical and efficient manner possible by directing the Unit's investigative efforts in a proportionate manner to the case's priority assessment.

Recommendation

5. The Investigations Unit should immediately implement the case tracking and records keeping portion of the IMC Report System to make use of the Unit's investigative resources in the most economic and efficient manner possible.

Management's Response: Accepted

Technical Services

Testing and Certification: The Technical Services Unit has a variety of duties and responsibilities within the Division including the following:

- Testing and licensing of explosive blasters and their vehicles.
- Testing and certification of firework and pyrotechnic display persons.
- Testing and certification of fire extinguisher service personnel.

During our review of the testing, licensing, and certification processes, we discovered that all the tests the Technical Services Division administers are in need of revision and updating due to technological advances and changing industry standards in these fields of expertise. The most recent test revision was made in 1995, and two of the tests have not been revised since 1987. The Division is incurring unnecessary risk by certifying individuals as competent in highly technical professions using standards that are admittedly out of date with current industry standards, practice, and equipment used within the given professions.

Recommendation

6. The State Fire Marshal should update the content of all the tests the Division uses to license individuals and certify competency to reflect current industry standards, practice, and equipment used within the given professions.

Management's Response: Accepted

Commercial Fireworks Regulations: The State Fire Marshal does promulgate rules and regulations regarding fireworks in the State of Rhode Island. Our review of the document showed that it had last been revised and updated in June 1976. While it is true that the basic safety policies and procedures regarding commercial fireworks may not have changed since that time, the rules and regulations should at least reflect that they have been reviewed for accuracy and relevance on a regular and timely basis.

Recommendation

7. The State Fire Marshal should review and if appropriate update the rules and regulations governing the keeping, storage, and use of commercial fireworks to reflect current conditions.

Management's Response: Accepted

National Fire Incident Reporting System (NFIRS): One of the responsibilities of the Technical Services Unit includes the planning, implementation, and maintenance of a statewide fire incident information reporting system in conjunction with the National Fire Incident Reporting System (NFIRS). NFIRS is an information system that is initiated and supported by the United States Fire Administration (USFA), a division of the Federal Emergency Management Agency (FEMA). It was developed as a means of assessing the nature and scope of the fire problem in the United States. The NFIRS system of fire data collection is comprehensive and could yield an abundance of valuable information regarding fire incidents in the state but is not fully implemented by the Division at this time because of limited staffing resources. The USFA is a significant grant-funding source for local fire departments, but it requires that grant recipients participate in the NFIRS reporting system in order to qualify for the grant monies. Full participation in the NFIRS program would afford local fire departments additional opportunities to expand their financial resources.

Recommendation

8. The State Fire Marshal should explore the possibility of obtaining additional personnel resources in order to fully implement the NFIRS fire reporting system.

Management's Response: Accepted

Juvenile Fire Setters Program

Curriculum Standards: The Juvenile Fire Setter Intervention Program provides fire safety/fire prevention education programs to youths throughout the state. The courts, mental health agencies, police and fire departments, and various juvenile agencies statewide refer the youths served by the program. Given the fact that the majority of these youths are referred to the program by the Family Court and the Department of Children, Youth and Families (DCYF) for services and/or rehabilitation, there should be curriculum standards in place that can be customized to meet the youths' needs. Without curriculum standards in place, it is difficult to quantify the level of success that each youth reaches in the program. The program is required to provide documentation on the progress and disposition of each case that has been referred by the DCYF Juvenile Probation and Parole Unit to the courts. It would, therefore, behoove the State Fire Marshal to establish curriculum standards for the program so that a measurable and impartial assessment of a youth's progress (or lack thereof) can be obtained.

Recommendation

9. The State Fire Marshal should establish complete and comprehensive curriculum standards for all of the components included in the Juvenile Fire Setter Intervention Program so that a measurable and impartial assessment of a youth's participation and progress in the program can be obtained.

Management's Response: Accepted

Case Tracking: Our review of the case files for the Juvenile Fire Setter Program revealed that there is no formal method of case management for the program in terms of tracking the participants, other than a manual list on a lined notepad that was not readily accessible. Our review of the case files also indicated that a minimal amount of case documentation was being performed and the type and amount of case documentation was inconsistent throughout the files.

Case Documentation Standards: In the cases of those juveniles referred to the program by the courts, specifically through the DCYF Juvenile Probation and Parole Unit, the Division of the State Fire Marshal attests in writing that the juvenile has successfully completed the program. In several of the cases we reviewed, the case documentation was insufficient to demonstrate that the juvenile had satisfactorily completed course work in the program. The case documentation process is critical to maintaining proper and consistent case management.

Recommendations

10. The State Fire Marshal should implement a standard formalized method of case tracking for the Juvenile Fire Setter Intervention program.

Management's Response: Accepted

11. The State Fire Marshal should establish complete and comprehensive case documentation standards for the Juvenile Fire Setter Intervention program to ensure that a measurable and impartial assessment of a juvenile's participation and progress in the program can be determined.

Management's Response: Accepted

Plan Review

Documentary Evidence: As stipulated in RIGL §23-28.2-26, every request for a plan review by the Division of the State Fire Marshal is required to be accompanied by the fee to be computed in accordance with the fee schedule contained therein. While the dollar value of fees collected for plan review represent, by far, the largest source of revenue generated within the operations of this agency (approximately \$350,000 out of nearly \$400,000 in total collections during FY 2002), two conditions exist which may impact the dollar amounts collected for plans reviewed, either favorably or unfavorable, to the state. These are:

- (1) Estimated project costs (EPC) listed in the application for review, and which form the basis for the calculation of the fee to be paid with the request, are not usually supported with any type of documentary evidence which would demonstrate the validity and reasonableness of the baseline used in the calculation of the fee, and
- (2) There were instances when documentary evidence of the EOC was furnished, the applicant submitted and the Division of the State Fire Marshal accepted, reductions in the EPC amounts which were based on the individual costs of non-fire safety code elements included in the total EPC such as site clearance of trees and other obstacles, hook-up of sewer lines, and a variety of mechanical, electrical and plumbing installations associated with the project.

Cost of Construction Baseline: While this in itself is not unreasonable given that those segments are not normally subjected to the Division of the State Fire Marshal's plan review, it does result in a favorable benefit to these applicants. This is contrast to the vast majority of applicants whose fee is based on the total EPC listed in their applications and who may not be aware of this practice of cost adjustment. Moreover, RIGL §23-28.2-26 prescribes the fee schedule on a sliding scale basis but does not address the subject of project cost adjustments; it merely contains the statement.

Recommendations

12. The State Fire Marshal should require that all applications for a plan review be accompanied with documentary evidence in support of the estimated project costs (EPC) contained in the application and the resultant fee amount developed and paid.

Management's Response: Accepted

13. The State Fire Marshal should request an interpretation for and/or guidance on the baseline to be used (i.e. "cost of construction") prescribed in RIGL §23-28.2-26 for the purpose of developing a uniform approach in calculating the plan review fee.

Management's Response: Accepted

Turnaround Period: Prior to the issuance of a building permit for the construction, reconstruction, alteration and/or rehabilitation of buildings and structures within the state, the building owners or their representatives must first obtain the approval of the authority having jurisdiction over the state's fire safety code (hereinafter referred to as "the code"). Buildings/structures that fall within the jurisdiction of the Division of the State Fire Marshal's Office require the approval of the Division before a permit can be issued. In this regard, the written plans are reviewed by the Division of the State Fire Marshal's office for the purpose of determining compliance with the code.

RIGL §23-28.1-6 requires that the authority having jurisdiction has fifteen (15) days after submission to review and approve or disapprove the plans. Because it is rare that an approval of a submission occurs without some contact or further communication with the applicant for a variety of reasons which include conflicting/missing drawings or proper fee payment not enclosed, coupled with the sheer volume of plans associated with certain projects and/or complex issues encountered, approvals frequently occur well after fifteen (15) days following receipts of the application, with some extending out to several months. Under these kinds of circumstances, the State Fire Marshal should not be held to the fifteen (15) day turnaround requirement.

Recommendation

14. The State Fire Marshal should request that legislation amending RIGL §23-28.1-6 to reflect an adequate review period be introduced to the general assembly.

Management's Response: Accepted

Rhode Island Fire Academy

Policies and Procedures: The Rhode Island Fire Academy functions as an organizational component of the Fire Education and Training Unit within the Division of the State Fire Marshal's office. The policies and procedures manual for the Fire Academy requires an update to reflect current conditions in certain areas including, but not limited to, instructor certification requirements and the rate of compensation paid to instructors. For example, the policies and procedures manual addresses the instructor/training requirements associated with National Fire Protection Association (NFPA) 1041 only; yet, a separate curriculum involving specialty instruction is taught by a different group of instructors certified for that category in a variety of subjects. In addition, the manual prescribes a \$15.00 hourly rate of compensation for assistant instructors when engaged in NFPS 1041 course instruction; however, the rate of pay for these assistants is, and has been for some time, \$20.00 per hour.

Instructor Certification Committee: The Instructor Certification Committee (ICC) which consists of five persons and whose function is to grant (or reject) instructor certification to applicants, recently certified three instructors based on a vote taken with only the chairman and one other member of that committee present. In his communication to the Fire Academy regarding the decisions reached, the chairman advised, "While there were only two members, we took the following action with the understanding that the other members would have voted the same if they were present." Although the chairman's correspondence directed that a letter of acceptance be sent to each approved applicant "if there are no objections from the other members of the ICC," that statement in itself is contradictory to the basis for the two-person vote as quoted above in that it acknowledges that the other members may not have voted in the same manner (i.e. to confer certification). Further, based on the substantial number of certified instructors in both programs that currently are carried on the Fire Academy's roles, there would have been no valid reason for conducting the vote until such time that a reasonable quorum of members could have been assembled.

Recommendations

15. The Director of Fire Training should update the policies and procedures manual for the Rhode Island Fire Academy to reflect current conditions.

Management's Response: Accepted

16. The Instructor Certification Committee should conduct its meetings in accordance with Roberts Rules of Order.

Management's Response: Accepted

Collections

Internal Controls: The Division of the State Fire Marshal's office collects approximately \$400,000 annually for the licensing or permitting of individuals and companies involved in a variety of activities regulated by the state's fire safety code (hereinafter referred to as "the code"), as well as for the review of plans and documents relating to new building construction,

renovations to existing buildings and use changes to existing structures for compliance with the code. Within the division, one person alone is responsible for the collection of receipts, the preparation and issuance of the licenses and/or permits and the associated record keeping, with no system of "checks and balances" in effect to monitor the activity of this employee. Further, the license/permit documents are not pre-numbered resulting in little, if any, control or accountability over the blank stocks. Pre-numbering them would serve as a deterrent to the potential for undetected misuse or inappropriate activity.

A fundamental internal control principle relating to the collection of receipts within a business organization dictates that all subsequent actions that result be performed by one or more other individuals not involved in the collection process in order to act as a system of "checks and balances."

Recommendations

17. The State Fire Marshal should reassign duties and responsibilities in the licensing/permit function with a view toward separating the collection of receipts, issuance of licenses and/or permits, and the associated record keeping among two (2) or more people.

Management's Response: Accepted

18. The State Fire Marshal should require documents used in the licensing/permitting process be pre-numbered to ensure accountability.

Management's Response: Accepted

Deposit of Collected Receipts: Receipts collected for issued licenses and permits and for the plan reviews conducted are retained in the Division of the State Fire Marshal's office until such time that a clerk considers a "sufficient" quantity to have been accumulated (for FY 2002, this sufficient quantity ranged from between 31 and 90 checks/money orders), after which the checks and money orders are batched and transmitted to the Department of Administration's Central Business Office (CBO) for deposit as state general revenue. As a result of waiting for this number of collected receipts to be reached, transmittals to the CBO were unnecessarily delayed, as evidenced by the fact that five transmittals during FY 02 occurred one month or longer after the dates of the previous transmissions of receipts, while several others were made at intervals of at least two-week periods of time. RIGL §11-28-1 requires that deposits of state funds should occur within seven (7) business days of receipts of that money. Checks and money orders, held in the Division's office until sent to CBO for deposit are not secured within a locked container, but rather are filed in a manila folder on top of the desk of the clerk receiving the collections.

In addition, there are no controls in place to ensure that all collected receipts sent to the CBO are accounted. The Division does not use any type of transmittal document when funds are turned over to the CBO and receives no confirmation of the receipt and subsequent deposit of these funds by the CBO. Moreover, the transmittal of collected receipts to the CBO is made by interoffice mail rather than personal direct delivery by any one of the Division's staff who

frequently are in the general proximity of the location to which these checks and money orders are sent. Use of interoffice mail not only further delays the deposit of these funds but also substantially diminishes the degree of security that should be exercised over these funds while in transit.

In two separate recent instances noted, a clerk in the Division's office converted cash tendered by applicants for a permit to a check by using her own personal checking account. While her intent was to accommodate these individuals whose applications would not otherwise be processed if paid for in cash, this practice should be discouraged because of its infringement on the independent role that this agency is required to exercise.

As a separate matter, the Division retains a photocopy of each check or money order it receives along with recorded information relative to the check/money order on an internal Check Transmittal form that consists of an original and a single copy page. Because the information recorded on this document normally is limited to the specifics of the check/money order alone, and both copies of the form are retained with the copies of these payment instruments, its use serves no purpose whatsoever other than to show the date of the Division's receipts of the payment. Accordingly, use of this form should be discontinued and, if considered necessary, the date of the receipts could be handwritten on the copy of the check or money order.

Recommendations

19. The State Fire Marshal should ensure that all funds collected are secured in a locked container until sent for deposit and are delivered to the Central Business Office (CBO) within seven (7) business days following receipts of that money.

Management's Response: Accepted

20. The State Fire Marshal should establish a methodology for confirming receipts by CBO of all checks and money orders transmitted for deposit and provide personnel for direct delivery of collected receipts to CBO rather than interoffice mail.

Management's Response: Accepted

21. The State Fire Marshal should discourage the practice of employees' use of personal checking account funds to accommodate license/permit applicants' fee payment requirements.

Management's Response: Accepted

22. The State Fire Marshal should discontinue the use of its internal check transmittal document and, if required, include dates of receipts of checks/money orders on the retained copies of these monetary instruments.

Management's Response: Accepted

Security Over Instruments Having Value: The hand stamp containing the State Fire Marshal's signature used in the authentication of the licenses and permits by the same office clerk is left unattended within this office space. Under these circumstances, the collected receipts and/or the signature stamp are exposed to the potential act of theft or misuse during periods of this clerk's absence from her work area.

Recommendation

23. The State Fire Marshal should ensure that the signature hand stamp used in the issuance of licenses and permits is secured within a locked container when not in use.

Management's Response: Accepted



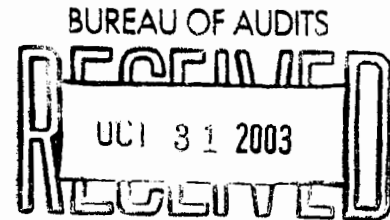
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October 24, 2003

Department of Administration
Mr. Stephen M. Cooper
Chief of Bureau of Audits
One Capitol Hill 4th fl.
Providence, Rhode Island 02908-54889



Dear Mr. Cooper:

The following is my response to your Division of the State Fire Marshal Performance Audit dated August 2003 and a subsequent meeting at your office.

Policies and Procedures

Recommendation 1.

The State Fire Marshal should adopt, implement, and promulgate comprehensive policies, procedures, and guidelines regarding the administration and the activities of the Division of the State Fire Marshal in its entirety, and review these policies, procedures and guidelines on a regular basis.

Management's Response: Accepted

As a result of this audit and the recommendations of the 2003 Special Legislative Commission to Study Fire Safety, the Division is in the process of reviewing and amending existing policies and procedures and if necessary, developing new policies and procedures. The Division has been mandated to report to the Commission early in the 2004 session of the General Assembly.

Recommendation 2.

Amend the purpose and policy listed under General Order 2000-3: Loading and Unloading of Division Issued Weapons to reflect the Division's current policy, procedure and guidelines.

Management's Response: Accepted

General Order 2000-3 Loading and Unloading of Division Issued Weapons has been amended as of September 19, 2003.

State Emergency Response Commission

Recommendation 3.

The State Fire Marshal, in his role as SERC chairman, should establish formal written policies, procedures, and guidelines detailing the duties and responsibilities of all SERC members and distribute the document to each member. These policies, procedures, and guidelines should address the administration and activities of the SERC and be reviewed on a regular recurring basis.

Management's Response: Accepted

Written policies, procedures, and guidelines have been established and promulgated.

Recommendation 4.

The Division should adopt policies and procedures over federal grants that evaluate overall subrecipient monitoring procedures and ensure that subrecipients administer federal awards in compliance with applicable laws and regulations.

Management's Response: Accepted

This recommendation has been implemented.

Investigations

Recommendation 5.

The Investigations Unit should immediately implement the case tracking and records keeping portion of the IMC Report System to make use of the Unit's investigative resources in the most economic and efficient manner possible.

Management's Response: Accepted

The investigation Unit of the Rhode Island State Fire Marshal's Office has implemented a case tracking, case priority, and records keeping system as well as a procedure in which reports are reviewed and approved by the supervisor of the unit.

Technical Services

Recommendation 6.

The State Fire Marshal should review and if appropriate update the rules and regulations governing the keeping, storage, and use of commercial fireworks to reflect current conditions.

Management's Response: Accepted

The test for the pyrotechnic license has been rewritten and in use based on the new standards. The tests for the blasters and fire extinguisher service people are being reviewed and will undergo updates to reflect newer standards. A new test for fireworks is being developed as required by law that will test all fireworks shooters on the new standards before their license renewal on March 1, 2004.

Recommendation 7.

The state Fire Marshal should review and if appropriate update the rules and regulations governing the keeping, storage, and use of commercial fireworks to reflect current conditions.

Management's Response: Accepted

The state has adopted NFPA 1123 and 1124 a national standard for the use, keeping and storage of fireworks. The old regulations have now become obsolete. The new standards will also be automatically reviewed every three years and the Fire Safety Board of Appeal and Review will be able to adopt the newer version.

Recommendation 8.

The State Fire Marshal should explore the possibility of obtaining additional personnel resources in order to fully implement the NFIRS fire reporting system.

Management's Response: Accepted

We explored the possibility of obtaining both additional personnel and the necessary equipment to implement the NFIRS fire reporting system; however, budget constraints are such that at this time we are unable to implement this recommendation.

Juvenile Fire Setters Program

Recommendations 9, 10, and 11.

9. The State Fire Marshal should establish complete and comprehensive curriculum standards for all of the components included in the Juvenile Fire Setter Intervention Program so that a measurable and impartial assessment of a youth's participation and progress in the program can be obtained.
10. The State Fire Marshal should implement a standard formalized method of case tracking for the Juvenile Fire Setter Intervention program.
11. The State Fire Marshal should establish complete and comprehensive case documentation standards for the Juvenile Fire Setter Intervention program to ensure that a measurable and impartial assessment of a juvenile's participation and progress in the program can be determined.

Management's Response: Accepted

These recommendations have been implemented. Curriculum standards, a formalized method of case tracking as well as case documentation standards have been developed for the program.

Plan Review

Recommendations, 12, 13, and 14

12. The State Fire Marshal should require that all applications for a plan review be accompanied with documentary evidence in support of the estimated project costs (EPC) contained in the application and the resultant fee amount developed and paid.
13. The State Fire Marshal should request an interpretation for and/or guidance on the baseline to be used (i.e. "cost of construction") prescribed in RIGL §23-28.2-26 for the purpose of developing a uniform approach in calculating the plan review fee.
14. The State Fire Marshal should request that legislation amending RIGL §23-28.1-6 to reflect an adequate review period be introduced to the general assembly.

Management's Response: Accepted

These recommendations have been implemented. A policy and procedure has been developed to ensure documentation for project costs as well as a uniform approach in calculating the plan review. Legislation has been passed to amend the review period as recommended.

Rhode Island Fire Academy

Recommendations 15 and 16

15. The Director of Fire Training should update the policies and procedures manual for the Rhode Island Fire Academy to reflect current conditions.
16. The Instructor Certification Committee should conduct its meeting in accordance with Roberts Rules of Order.

Managements Response: Accepted.

The State Fire Marshal's Training Director has taken these two items to the Fire Training & Education Board, as these items are their responsibility. At the last meeting the Training Director said they needed to review the rules and regulations and do an annual audit of the rules and regulations. He also instructed them to appoint a committee so the meeting will be held in accordance with the Roberts Rules of Order.

Collections

Recommendation 17

The state Fire Marshal should reassign duties and responsibilities in the licensing/permit function with a view toward separating the collection of receipts, issuance of licenses and/or permits, and the associated record keeping among (2) or more people.

Management's Response: Accepted

All permits & licenses are approved by the Flammable Liquids Technicians. The license is then typed, laminated and distributed by the clerical staff.

Recommendation 18

The State Fire Marshal should require documents used in the licensing/permitting process be pre-numbered to ensure accountability.

Management's Response: Accepted

Presently there is a log maintained on an excel spreadsheet to assure pre-numbering of licenses and permits; however, effective 2004, pre-numbered licenses and permits will be used.

Deposit of Collect Receipts

Recommendation 19

The State Fire Marshal should ensure that all funds collected are secured in a locked contained until sent for deposit and are delivered to the Central Business (CBO) within seven (7) business days following receipts of the money.

Management's Response: Accepted

This recommendation has been implemented.

Recommendation 20

The State Fire Marshal should establish a methodology for confirming receipts by CBO for all checks and money orders transmitted for deposit and provide personnel for direct delivery of collected receipts to CBO rather than interoffice mail.

Management's Response: Accepted

The checks are picked up by the CBO on a weekly basis or they are hand delivered to the CBO. A check transmittal form will be used where there is signature/date for person delivering and person in receipt of the checks. There will be two copies sent in order for CBO to keep a copy and one copy to be brought back to SFMO.

Recommendation 21

The State Fire Marshal should discourage the practice of employees' use of personal checking accounts funds to accommodate license/permit applicants' fee payment requirements.

Management's Response: Accepted

Management has promulgated a policy prohibiting the employees' use of personal checks in lieu of cash to accommodate license/permit applicants' fee payment requirements.

Recommendation 22

The State Fire Marshal should discontinue the use of its internal check transmittal document and, if required, include dates of receipts of checks/money order on the retained copies of these monetary instruments.

Management's Response: Accepted

The internal check transmittal document is no longer used.

Security over Instruments Having Value

Recommendation 23

The State Fire Marshal should ensure that the signature hand stamp used in the issuance of licenses and permits is secured within a locked container when not in use.

Management's Response: Accepted

The signature hand stamp is placed in a secured area with the receptionist when not in use.

Very truly yours,

A handwritten signature in cursive script that reads "Irving J. Owens".

Irving J. Owens
Rhode Island State Fire Marshal